

## Connector

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### Economic Downturn: A Good Defense Is Not Enough

The challenge for manufacturers in the metal forming industry in today's environment is not just remaining competitive but surviving. For two years, the industry has seen demand soften, inventories rise and production slow, prompting manufacturers to cut shifts, jobs and capital expenditures. Now the economy has slipped from an extended slowdown into an actual recession. The Institute for Supply Management's gauge of manufacturing activity fell in November to the lowest level in 26 years as orders, production and jobs all declined.

Many manufacturing executives bide their time and bite their nails. Not surprising. Very few have experience running a company during a recessionary period and others lack the ability to adapt to change.

Richard Dennis, President of Die-Tech, doesn't believe in a 'wait and see' approach to surviving an economic downturn. He says that sound business practices work in good or bad economies. "The way to get through a recession, notes Dennis, "is to be certain you have systems, people and processes in place."

It's not unlike the game of football, says Dennis. "Does Defense in football really win championships?" he asks. "When you look at the history of the sport, it takes more than a strong defense. Sure you need to defend your position, but history proves it also takes offense and the special teams, working together, to win the championship. After all, offense scores points."

Dennis has identified critical success factors which he believes ensure his company will continue to thrive in the current recession. "We remain on the offensive by regularly asking ourselves two tough questions. First, where are the greatest long-term savings? Second, how strong are the links in our supply chain?" The answers lead him and his management team to a strategy that secures success through the near



term economic disaster. The answers also position the company for dramatic growth as the nation comes out of this crisis.

Dennis believes that an effective team, whether in football or in the work environment, tackles obstacles. "Cost control is a good idea anytime. Cost cutting is on everyone's lips.

Yet few organizations have the courage or time for it unless the house is already on fire." At Die-Tech, all employees attend process improvement training. "Thriving manufacturers these days are ISO or Six-Sigma certified. It's the thing to be. It's time to put processes under the microscope. Everyone has waste – sometimes it is just very hard to see."

Dennis admits it is also critical to partner with strong suppliers who are industry innovators and to take a scientific approach to materials usage and technological advances.

Are you taking the offensive and forging relationships with innovative suppliers, systems designers and system integrators who provide quality products and sound advice in these especially uncertain times? Why is it important that your suppliers embrace a culture of process improvement, partner with other forward thinking suppliers, champion new technologies and exhibit a progressive management style? We will address these issues in upcoming newsletters.

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